

Louisiana Property and Casualty Insurance Commission

The Marketplace *Why Are We Paying More?*



Annual Report
2001-2002

Louisiana Department of Insurance

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Executive Summary

In 1997, the Louisiana Legislature created the Council on Automobile Insurance Rates and Enforcement (C.A.I.R.E.) to undertake a comprehensive study and provide oversight and recommendations aimed at enforcement of those laws and programs that affect automobile insurance rates. C.A.I.R.E. researched and studied many ideas that have been beneficial in the area of lowering automobile insurance rates, including, but not limited to, the impoundment law, “No Pay, No Play,” stronger penalties for DWI, graduated licensing, automobile insurance checkpoints, and insurance fraud. Automobile insurance rates are decreasing, along with the number of uninsured motorists. The Department of Insurance (DOI) estimates that in 2001, 22 percent of drivers in Louisiana are uninsured, which is down from the 1997 estimation of 30 percent. In December of 2000, the Insurance Research Council (IRC) issued a report, *Uninsured Motorists, 2000*, that listed Louisiana as having an uninsured motorist rate of only 8 percent. The discrepancy between the two figures lies in the method of calculating uninsured motorists. However, regardless of which figure you choose to use, the trend is the same – the number of uninsured drivers on the roads and highways in Louisiana has decreased.

Due to C.A.I.R.E.’s thorough studies of law enforcement and the automobile insurance situation in the state, the 2001 Louisiana Legislature expanded C.A.I.R.E.’s realm of study to include not only automobile insurance, but also homeowners insurance and workers compensation insurance, thus forming the Louisiana Property and Casualty Insurance Commission (Act Number 187 in the 2001 Regular Session, R.S. 22:15). The Louisiana Property and Casualty Insurance Commission, which consists of three ad hoc committees: Automobile Insurance Ad Hoc Committee, Homeowners Insurance Ad Hoc Committee and Workers Compensation Ad Hoc Committee, has been given the task of reviewing and examining the availability and affordability of property and casualty insurance in the state of Louisiana.

Since the Louisiana Property and Casualty Insurance Commission has only been established for a short time, the Commission does not have any recommendations for proposed legislation. However, the Commission will make recommendations during the 2003 Regular Session. This Annual Report shall be for informational purposes, and will illustrate the state of the market for property and casualty insurance in Louisiana.



A Message From the Acting Commissioner of Insurance J. Robert Wooley

This year's annual report of the Louisiana Property and Casualty Insurance Commission will focus on why Louisianans are paying more than most citizens who live in other states for their auto, homeowners and workers' compensation insurance. There are many reasons why policyholders in Louisiana are paying higher premiums. Some of these reasons can be changed with laws, while others cannot.

The latest figures available from the National Association of Insurance Commissioners (NAIC) show Louisiana ranks in the top 10 among states having the highest auto insurance rates in the country. Numerous factors are to blame, including drunk drivers and poor road conditions throughout the state. Continued and more stringent enforcement of Louisiana's auto laws should have a positive impact by leading to fewer accidents and lower insurance rates. Reducing alcohol-related crashes in our state by just 10 % would lead to a \$60 million savings for policyholders.

A lack of competition in Louisiana's homeowners insurance market is leading to more expensive policies. The number of homeowners insurers serving our states has dwindled since Hurricane Andrew in 1992. The top eight companies control more than 75 percent of the home insurance market. Coupled with Louisiana's location on the Gulf of Mexico and our exposure to hurricanes, homeowners insurance premiums are steadily rising. In an effort to increase competition, I have been successful in attracting new homeowners insurers to Louisiana and will continue to meet with more companies.

Rising medical and indemnity costs are leading to an increase in claims costs in the workers' compensation arena. But the frequency of workers' comp claims is declining and Louisiana's workers' comp market is more stable than other property and casualty insurance markets in the state.

The Louisiana Property and Casualty Insurance Commission and the panel's ad hoc committees meet regularly to discuss various P&C issues. We invite you to visit our meetings and take part in these discussions as we continue to study the insurance laws that impact our citizens.

A handwritten signature in blue ink, appearing to read 'J. Robert Wooley'. The signature is fluid and stylized, with a long horizontal stroke extending to the right.

J. Robert Wooley
Acting Commissioner of Insurance

Louisiana Property and Casualty Insurance Commission

J. Robert Wooley

Acting Commissioner of Insurance

Theodore “Ted” M. Haik

Chairman - Full Commission
Consumer Representative
House of Representatives

Richard A. Clements

Vice-Chairman - Full Commission
Professional Insurance Agents of Louisiana

The Honorable Dan Morrish

Chairman – Automobile Insurance Ad Hoc Committee
Louisiana House of Representatives
House Insurance Committee

Col. Jim Champagne

Vice Chairman – Automobile Insurance
Ad Hoc Committee
Executive Director
Louisiana Highway Safety Commission

Jeff Albright

Chairman – Homeowners Insurance
Ad Hoc Committee
Executive Vice President
Independent Insurance Agents of Louisiana

Terry Lisotta

Vice-Chairman – Homeowners Insurance
Ad Hoc Committee
Property Insurance Association of Louisiana

Rodney Braxton

Chairman-Workers Compensation
Ad Hoc Committee
Office of the Governor

Dan Boudreaux

Vice Chairman –Workers’
Compensation Ad Hoc Committee
Assistant Secretary/Director
Office of Workers Compensation
Louisiana Department of Labor

Chad Brown

Louisiana Insurance Rating
Commission Representative

The Honorable Donald Cravins

Louisiana Senate
Senate Committee on Insurance

The Honorable Max Malone

Louisiana Senate
Senate Committee on Insurance

The Honorable Greg Champagne

Sheriff, St. Charles Parish
Louisiana Sheriffs Association
Representative

Tom O’Neal

Consumer Representative
Louisiana Senate

The Honorable Shirley Bowler
Louisiana House of Representatives
House Insurance Committee

Lt. Col. John LeBlanc
Louisiana State Police Representative

Cassandra Simms
Deputy Director
Public Protection Division
Department of Justice
Attorney General's Representative

The Honorable Earl Taylor
District Attorneys Association
Representative

Cecile Bush
Louisiana Department of Public
Safety
Office of Motor Vehicles

Aubrey T. Temple, Jr.
Chairman of LWCC Board of
Directors

Louisiana Property and Casualty Insurance Commission Staff:

Molly M. Quirk
Director

Terrell Moss
Research Analyst



Louisiana Revised Statute 22:15

Section 15: Louisiana Property and Casualty Insurance Commission

A. (1) The legislature hereby creates the Louisiana Property and Casualty Commission within the Louisiana Department of Insurance. The functions, duties, and responsibilities of the commission shall be to review and examine the availability and affordability of property and casualty insurance in the state of Louisiana. Further, the commission shall undertake a comprehensive study and provide oversight and enforcement recommendations of the effectiveness of law enforcement and implementation of programs aimed at enforcement throughout the state of those laws and programs which affect automobile insurance rates.

(2) The commission shall be domiciled in the city of Baton Rouge and its members shall serve for terms of two years beginning July 1, 2001.

B. (1) The commission shall consist of the following members:

- (a) The governor or his designee.
- (b) The superintendent of state police or his designee.
- (c) The assistant secretary of the Louisiana Department of Public Safety and Corrections, office of motor vehicles, or his designee.
- (d) The attorney general or his designee.
- (e) The president of the Louisiana Association of Chiefs of Police or his designee.

- (f) The president of the Louisiana District Attorneys Association or his designee.
- (g) The president of the Louisiana Sheriff's Association or his designee.
- (h) The chairperson of the Louisiana Insurance Rating Commission or his designee.
- (i) Two members of the House Committee on Insurance selected by its chairman.
- (j) Two members of the Senate Committee on Insurance selected by its chairman.
- (k) One consumer representative selected by the speaker of the House of Representatives.
- (l) One consumer representative selected by the president of the Senate.
- (m) A representative of the Independent Insurance Agents of Louisiana.
- (n) A representative of the Professional Insurance Agents of Louisiana.
- (o) The executive director of the Louisiana Highway Safety Commission.
- (p) A representative of the Property Insurance Association of Louisiana appointed by its governing committee.
- (q) A representative of the Louisiana Workers' Compensation Corporation appointed by its board of directors.
- (r) A representative of the Department of Labor, office of workers' compensation, appointed by the secretary of labor.
- (s) The commissioner of insurance or his designee.

(2) The commission shall consist of ad hoc committees to study property and casualty insurance, including but not limited to the areas of automobile insurance, homeowners insurance, and workers' compensation insurance. The commissioner of insurance shall appoint a chairperson and a vice chairperson for the

commission and a chairperson and vice chairperson for each ad hoc committee.

- (a) The automobile insurance ad hoc committee shall consist of the following members:
- (i) The commissioner of insurance or his designee.
 - (ii) The governor or his designee.
 - (iii) The superintendent of state police or his designee.
 - (iv) The assistant secretary of the Louisiana Department of Public Safety and Corrections, office of motor vehicles, or his designee.
 - (v) The attorney general or his designee.
 - (vi) The president of the Louisiana Association of Chiefs of Police or his designee.
 - (vii) The president of the Louisiana Sheriff's Association or his designee.
 - (viii) The president of the Louisiana District Attorney's Association or his designee.
 - (ix) The executive director of the Louisiana Highway Safety Commission.
 - (x) Two members of the Senate Committee on Insurance selected by its chairman.
 - (xi) Two members of the House Committee on Insurance selected by its chairman.
 - (xii) One consumer representative selected by the speaker of the House of Representatives.
 - (xiii) One consumer representative selected by the president of the Senate.
 - (xiv) A representative of the Independent Insurance Agents of Louisiana.

(xv) A representative of the Professional Insurance Agents of Louisiana.

(xvi) A member of the Louisiana Insurance Rating Commission.

- (b) The homeowners ad hoc committee shall consist of the following members:

- (i) The governor or his designee.
- (ii) The commissioner of insurance or his designee.
- (iii) Two members of the Senate Committee on Insurance selected by its chairman.
- (iv) Two members of the House Committee on Insurance selected by its chairman.
- (v) A representative of the Independent Insurance Agents of Louisiana.
- (vi) A representative of the Professional Insurance Agents of Louisiana.
- (vii) A member of the Louisiana Insurance Rating Commission.
- (viii) One consumer representative selected by the speaker of the House of Representatives.
- (ix) One consumer representative selected by the president of the Senate.
- (x) A representative of the Property Insurance Association of Louisiana appointed by its governing committee.

- (c) The workers' compensation insurance ad hoc committee shall consist of the following members:

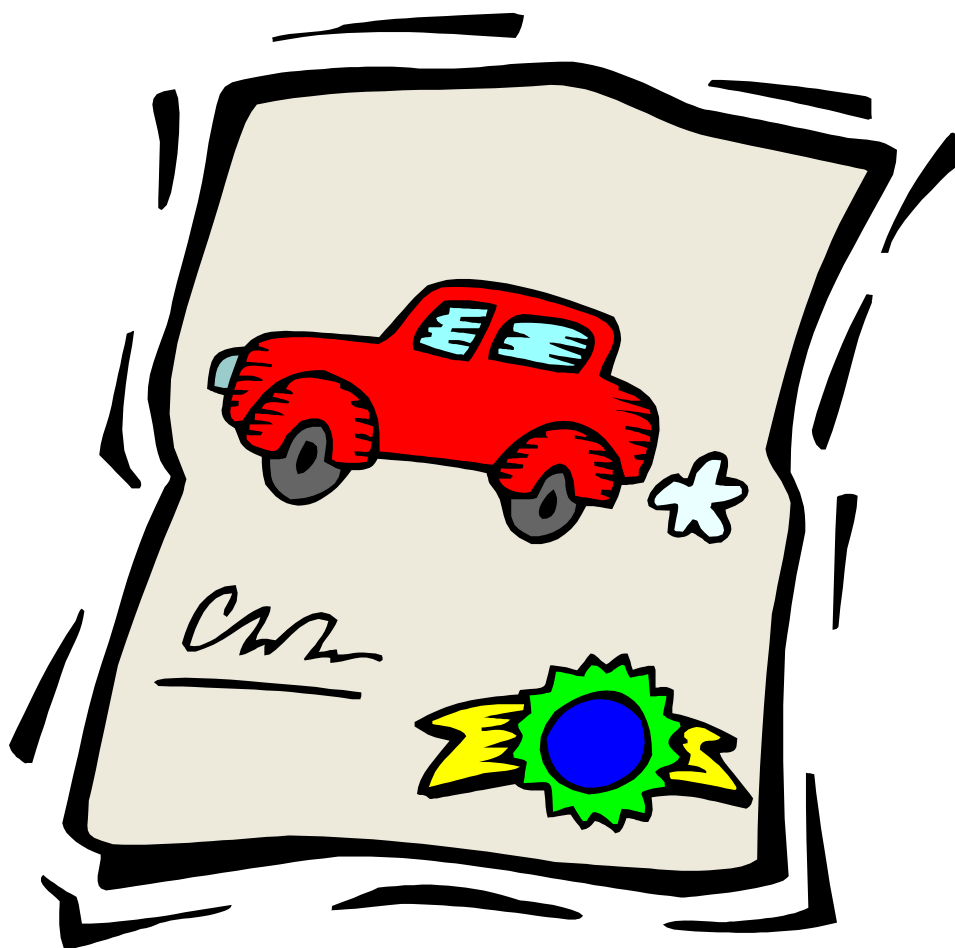
- (i) The governor or his designee.
- (ii) The commissioner of insurance or his designee.
- (iii) Two members of the Senate Committee on Insurance selected by its chairman.

- (iv) Two members of the House Committee on Insurance selected by its chairman.
 - (v) A representative of the Independent Insurance Agents of Louisiana.
 - (vi) A representative of the Professional Insurance Agents of Louisiana.
 - (vii) A member of the Louisiana Insurance Rating Commission.
 - (viii) One consumer representative selected by the speaker of the House of Representatives.
 - (ix) One consumer representative selected by the president of the Senate.
 - (x) A representative of the Louisiana Workers' Compensation Corporation appointed by its board of directors.
 - (xi) A representative of the Department of Labor, office of workers' compensation, appointed by the secretary of labor.
- (3) The members of the commission shall serve without compensation, and their terms shall be for two years.
- (4) Any vacancies on the commission shall be filled in the same manner as the original appointments for the unexpired portion of the term of the vacated appointment.
- (5) A majority of the members of the commission shall constitute a quorum for the transaction of business of the ad hoc committee. A majority of the members of an ad hoc committee shall constitute a quorum for the transaction of business of the ad hoc committee. All official actions of the commission or any ad hoc committee shall require the affirmative vote of a majority of the members of the commission or ad hoc committee present and voting during meetings of the commission or ad hoc committee. The commission shall meet twice annually in any one calendar year and the ad hoc committees may meet on the call of the chairperson of the commission or of the ad hoc committee, or upon the request of any three members of the ad hoc committee.
- C. (1) The commission shall submit to the governor, the Louisiana Legislature, and the commissioner of insurance on an annual basis prior to the convening of each regular legislative session an annual report on their actions, studies, findings, and recommendations of those laws and projects affecting property and casualty insurance.
- (2)(a) The commission shall conduct all meetings and hearings, in accordance with R.S. 42:4.1 et seq., to receive testimony about that information it is charged with gathering. The commission shall also be permitted to receive further information and testimony from regional and national experts on insurance rating issues. The commission shall study ways to give incentives to those communities that have a greater enforcement rate over laws that directly or indirectly affect insurance rates in that community and state.
- (b) All state and local agencies and political subdivisions shall cooperate with the commission and assist it in the gathering of information when requested. All materials in the possession or control of the commission or its employees shall

be considered public records pursuant to R.S. 44:1 et seq.

D. The commissioner of insurance shall appoint a director and an assistant director with the consent of the Senate who shall serve at the pleasure of the commissioner. The commissioner of insurance may also employ such persons, including two unclassified employees, as necessary to carry out the provisions of this Section and may establish the compensation of technical, professional, and clerical employees as needed for the commission to accomplish its work. Any such employee shall be compensated from the budget of the commissioner. All of the employees of the commission shall be under the direction and supervision of the commissioner of insurance.

The Automobile Insurance Market In Louisiana



On The Road

The Cost of Driving in Louisiana



Louisiana is not at the top of the list for having the highest automobile insurance premiums, just near the top. According to NAIC and The Consumer Insurance Guide, Louisiana ranks 6th for having an average annual combined premium of \$944.40, compared to the national average of \$783.14. This means that out of the 50 states and the District of Columbia, 45 states are paying less for automobile insurance than the drivers in Louisiana. Our state ranks only 10th highest for having an average liability premium of \$479.68, compared to the national average of \$402.96.

Why are drivers in Louisiana paying such high premiums?

- **Impoundment.** In 1997, the Louisiana Legislature passed a law that requires law enforcement officers to impound a vehicle whose driver cannot show proper proof of insurance. The only exceptions to the rule are if there are passengers in the vehicle under the age of twelve, if the driver or a passenger is handicapped, if the officer feels the location and time of day is not safe, or if the officer has a reasonable belief that the driver has insurance but cannot provide proof. Unfortunately, there is a problem in that there are still a large number of sheriffs departments and municipalities that do not enforce the law. Another problem is that due to budget cuts, the Office of Motor Vehicles cannot maintain a running tally of cars that are impounded for not having proof of insurance. With problems such as these, the impoundment law will lose its effectiveness. What is the point of having such a law, as the impoundment law, if we are not allowed to see its effects or if law enforcement chooses not to enforce it?
- **Drunk Drivers.** In the year 2000, according to the Louisiana Highway Safety Commission, 46.7% of our traffic fatalities were alcohol-related. Although the drinking age in Louisiana is 21, forty-six of the drivers that were involved in a fatal, alcohol-related crash were between the ages of 15 to 20 years of age. Approximately 24% of DWI offenders in Louisiana are repeat offenders. According to a recent study conducted by the Fatal Accident Reporting System (FARS), a driver with a prior DWI

conviction has also been found to cause more fatal crashes and has a greater risk of being involved in a fatal crash. Alcohol-related crashes account for approximately 13% of Louisiana's automobile insurance payment. The average alcohol-related fatality in Louisiana costs \$2.8 million. If alcohol-related crashes could be reduced by 10%, Louisiana policyholders would save \$60 million.

- **Road Conditions.** In a recent study conducted by The Road Information Program (TRIP), Louisiana roads were ranked second worst in the United States, with California ranking first. The present conditions of the roads add an average of \$439 per year, per person, to the cost of driving a car or truck in Louisiana. The motorists of this state pay 50% more in extra operating costs than the national average of \$289 per year. New Orleans was noted in the TRIP survey as one of the cities with the poorest road conditions. Not only does New Orleans have the worst road conditions in the state, but it also has the highest insurance rates. Poor road conditions are one of the contributing factors of higher insurance premiums.
- **Car Crashes.** In 2000, there were a total of 150,800 car crashes in Louisiana, according to the Highway Safety Commission. Of these crashes, there were 938 fatalities and 79,500 injuries. Sixty-five percent of the drivers who were killed were not wearing their seat belt, even though the law requires that every driver and front seat passenger wear their seat belt at all times. The high number of car crashes and fatalities in this state contribute to our high insurance premiums.
- **Auto Theft.** In a recent study conducted by the National Insurance Crime Bureau, Baton Rouge was ranked 12th out of the 330 metropolitan areas as having one of the highest automobile theft rates. Other Louisiana areas such as New Orleans, Shreveport, Monroe, Alexandria, and Lafayette were ranked 35th, 124th, 137th, 184th, and 194th respectively. Auto theft is a crime that is not taken seriously enough. It is a common thought that if a victim has insurance then all is well, but that is not the case. One of the keys to lowering auto insurance rates is to decrease the number of claims filed. In order to do that, more steps will have to be taken to prevent automobile theft.

In Summary:

Louisiana has made many strides in the right direction to lower automobile insurance, but more steps still need to be taken. There are many good laws already on the books, and the need to enforce these laws still remains high. In order for a law to receive its intended effect and to make a difference, it must be enforced properly.

**2001 Top Twenty
Private Passenger Automobile Liability**

Corporate Name	Premiums Written	Premiums Percentage	Total Premium Percentage
State Farm Mutual Automobile Insurance Company	\$422,347,552.00	39.17%	33.03%
Allstate Insurance Company	\$133,790,000.00	12.41%	10.46%
Progressive Security Insurance Company	\$99,988,865.00	9.27%	7.82%
Louisiana Farm Bureau Casualty Insurance Company	\$52,079,572.00	4.83%	4.07%
State Farm Fire and Casualty Company	\$40,891,925.00	3.79%	3.20%
Allstate Indemnity Company	\$40,580,761.00	3.76%	3.17%
USAgencies Casualty Insurance Company, Inc.	\$36,433,446.00	3.38%	2.85%

Geico General Insurance Company	\$29,444,488.00	2.73%	2.30%
Government Employees Insurance Company	\$27,638,084.00	2.56%	2.16%
Safeway Insurance Company of Louisiana	\$26,968,752.00	2.50%	2.11%
United Services Automobile Association	\$22,287,333.00	2.07%	1.74%
Illinois National Insurance Company	\$21,186,971.00	1.96%	1.66%
National Automotive Insurance Company	\$18,668,978.00	1.73%	1.46%
Liberty Mutual Fire Insurance Company	\$17,629,934.00	1.63%	1.38%
Patterson Insurance Company	\$16,827,908.00	1.56%	1.32%
Imperial Fire and Casualty Insurance Company	\$15,569,426.00	1.44%	1.22%

Hartford Insurance Company of the Midwest	\$15,288,254.00	1.42%	1.20%
The Continental Insurance Company	\$13,952,757.00	1.29%	1.09%
USAA Casualty Insurance Company	\$13,689,448.00	1.27%	1.07%
Louisiana Farm Bureau Mutual Insurance Company	\$13,060,157.00	1.21%	1.02%
Total Premiums for Top 20	\$1,078,324,611.00	100.00%	84.33%

How Louisiana's Automobile Insurance Premiums Measure Up

State	Rank	Average Combined Premium
New Jersey	1	\$1,200.40
District of Columbia	2	\$1,139.58
New York	3	\$1,107.96
Rhode Island	4	\$981.24
Massachusetts	5	\$976.32
Louisiana	6	\$944.40
Nevada	7	\$938.97
Delaware	8	\$936.79
Connecticut	9	\$927.89
Alaska	10	\$896.23
Arizona	11	\$876.12
Colorado	12	\$866.85
Hawaii	13	\$857.43
Michigan	14	\$837.46
Maryland	15	\$830.33
New Mexico	16	\$816.64
West Virginia	17	\$813.81
Georgia	18	\$804.85
Florida	19	\$800.90
Washington	20	\$784.56
Pennsylvania	21	\$781.93
Texas	22	\$778.01
California	23	\$773.26
Mississippi	24	\$763.86

Minnesota	25	\$752.57
New Hampshire	26	\$737.57
Kentucky	27	\$731.22
Arkansas	28	\$721.15
Utah	29	\$716.31
Illinois	30	\$713.79
Oklahoma	31	\$712.84
Missouri	32	\$706.67
Oregon	33	\$705.32
Alabama	34	\$704.99
South Carolina	35	\$692.36
Tennessee	36	\$675.53
Kansas	37	\$671.34
Indiana	38	\$659.99
North Carolina	39	\$656.95
Montana	40	\$653.11
Ohio	41	\$646.34
Wyoming	42	\$642.24
Vermont	43	\$640.74
Nebraska	44	\$636.19
Virginia	45	\$634.92
South Dakota	46	\$617.84
Wisconsin	47	\$604.82
Idaho	48	\$596.81
North Dakota	49	\$595.94
Maine	50	\$591.40
Iowa	51	\$543.44
Countrywide		\$783.14

Source: *The Consumer Insurance Guide*, www.insure.com

Based on 1999 data provided by the National Association of Insurance Commissioners.

Impoundment Update

Louisiana State Police Impoundment Statistics April 1, 2001 – March 31, 2002

TROOP	NOTICE OF VIOLATION	VEHICLES TOWED	% OF VEHICLES TOWED
A (East and West Baton Rouge, Pointe Coupee, East and West Feliciana, Livingston, Ascension, Iberville, St. James)	794	325	41%
B (Orleans, St. Charles, St. John the Baptist, St. Bernard, Jefferson)	1355	371	27%
C (Assumption, Terrebone, Lafourche, St. James, St. John)	716	141	20%
D (Calcasieu, Cameron, Allen, Jefferson Davis, Beauregard)	586	207	35%
E (Winn, Lasalle, Grant, Sabine, Vernon, Rapides, Avoyelles, Catahoula, Concordia, Natchitoches)	526	232	44%

F (Union, East and West Carroll, Morehouse, Lincoln, Quachita, Richland, Madison, Jackson, Caldwell, Tensas, Franklin)	297	58	20%
G (Caddo, Bossier, Webster, Claiborne, Bienville, DeSoto, Red River)	573	277	48%
I (Evangeline, St. Landry, Acadia, Lafayette, St. Martin, Vermilion, Iberia, St. Mary)	660	431	65%
L (St. Helena, Tangipahoa, Washington, St. Tammany)	702	179	25%
TOTALS	6,209	2,221	36%

Source: Louisiana Department of Public Safety

Total Impounded Vehicles Louisiana <i>October 1998 – December 2000</i>	
STATE POLICE	7,837
SHERIFFS	6,004
CITY POLICE	18,097
TOTAL	31,938

Source: Louisiana Department of Public Safety

Vehicles Impounded Sheriffs October 1998 — December 2000	
Acadia	2
Allen	5
Ascension	248
Assumption	28
Avoyelles	0
Beauregard	1
Bienville	1
Bossier	0
Caddo	51
Calcasieu	112
Caldwell	5
Cameron	0
Catahoula	4
Claiborne	9
Concordia	0
DeSoto	6
East Baton Rouge	707
East Carroll	1
East Feliciana	4
Evangeline	0
Franklin	0
Grant	19
Iberia	0
Iberville	37
Jackson	15
Jefferson	2,870

Jefferson Davis	2
Lafayette	114
Lafourche	83
LaSalle	1
Lincoln	6
Livingston	24
Madison	0
Morehouse	11
Natchitoches	0
Orleans	0
Ouachita	116
Plaquemines	123
Pointe Coupee	66
Rapides	2
Red River	2
Richland	0
Sabine	0
St. Bernard	331
St. Charles	194
St. Helena	0
St. James	122
St. John	164
St. Landry	1
St. Martin	62
St. Mary	7
St. Tammany	226
Tangipahoa	90
Tensas	0
Terrebonne	83
Union	0

Vermilion	3
Vernon	0
Washington	15
Webster	2
West Baton Rouge	29
West Carroll	0
West Feliciana	0
Winn	0
Total	6,004

Source: Louisiana Department of Public Safety

Impounded Vehicles
City Police
October 1998 – December 2000

Abbeville	64	Bogalusa	221
Abita Springs	2	Bonita	4
Addis	8	Bossier City	268
Albany	1	Boyce	0
Alexandria	101	Breaux Bridge	23
Amite	19	Broussard	22
Anacoco	1	Brusly	5
Angie	7	Bryceland	0
Arabi	1	Bunkie	10
Arcadia	0	Calhoun	0
Arnaudville	0	Calvin	0
Ashland	0	Cameron	0
Atchafalaya Basin	2	Cankton	0
Athens	0	Campti	0
Atlanta	0	Carencro	23
Baker	224	Castor	2
Baldwin	3	Causeway Police	99
Ball	6	Chalmette	1
Barksdale AFB	1	Chataignier	0
Basile	0	Chatham	4
Baskin	3	Cheneyville	1
Bastrop	159	Choudrant	0
Baton Rouge	4,088	Church Point	0
Belcher	0	Clarence	0
Bienville	0	Clarks	0
Benton	3	Clayton	0

Bernice	0	Clinton	15
Berwick	9	Colfax	1
Blanchard	3	Collinston	2
Columbia	0	Eros	0
Convent	0	Estherwood	0
Converse	0	Evergreen	0
Cotton Valley	0	Eunice	16
Cottonport	9	Farmerville	2
Coushatta	6	Fenton	0
Covington	86	Ferriday	14
Crescent City	798	Fisher	2
Crowley	25	Florien	0
Cullen	0	Folsom	0
Delcambre	28	Fordoché	0
Delhi	7	Forest	0
Delta	0	Forest Hill	0
Denham Springs	201	Fort Polk	1
Dequincy	10	Franklin	41
DeRidder	2	Franklinton	17
Dixie Inn	14	French Settlement	2
Dodson	0	Georgetown	0
Donaldsonville	0	Gibbsland	3
Downsville	0	Gilbert	0
Doyline	2	Gilliam	0
Dry Prong	0	Glenmora	0
Dubach	0	Golden Meadow	24
Dubberly	0	Goldonna	0
Duson	2	Gonzales	166
East Hodge	0	Grambling	1

East Jeff Levee	35	Gramercy	62
Edgard	0	Grand Cane	0
Edgefield	0	Grand Couteau	0
Elizabeth	0	Grand Isle	0
Elton	3	Grayson	0
Epps	0	Greensburg	19
Erath	12	Greenwood	5
Gretna	645	Junction City	0
Grosse Tete	0	Kaplan	8
Gueydan	0	Kenner	720
Hahnville	0	Kentwood	4
Hall Summit	0	Kilbourne	0
Hammond	209	Killian	0
Harahan	54	Kinder	0
Harbor Police	22	Krotz Springs	0
Harrisonburg	0	Lafayette	864
Harvey	2	Lake Arthur	18
Haughton	6	Lake Charles	521
Haynesville	1	Lake Providence	0
Heflin	0	LaPlace	0
Henderson	2	Leatchie	0
Hessmer	3	Lecompte	0
Hodge	8	Leesville	19
Holly Beach	0	Leonville	0
Homer	2	Lillie	0
Hornbeck	1	Lisbon	0
Hosston	0	Livingston	1
Houma	121	Livonia	26
Ida	0	Lockport	9

Independence	0	Logansport	1
Iota	1	Longstreet	0
Iowa	2	Loreauville	0
Jackson	86	Lucky	0
Jamestown	0	Lutcher	3
Jeanerette	3	Mandeville	63
Jean Lafitte	0	Madisonville	0
Jena	9	Mamou	0
Jennings	7	Mansfield	2
Jonesboro	22	Mansura	0
Jonesville	2	Mangham	3
Many	1	Norwood	0
Maringouin	0	Oak Grove	1
Marksville	16	Oak Ridge	0
Maurice	2	Oakdale	10
McNary	0	Oberlin	0
Mer Rouge	3	Oil City	5
Merryville	1	Olla	6
Metairie	2	Opelousas	84
Martin	0	Palmetto	2
Minden	3	Patterson	79
Melville	0	Pearl River	20
Mermentau	0	Parks	0
Monroe	1,177	Pineville	132
Montgomery	2	Pine Prairie	0
Montpelier	0	Pioneer	0
Mooringsport	0	Plain Dealing	0
Moreauville	1	Plaquemine	54
Morgan City	50	Plaucheville	0

Morganza	1	Pleasant Hill	0
Morse	0	Point A La Hache	0
Mound	0	Pollock	0
Mount Lebanon	0	Ponchatoula	96
Napoleonville	0	Port Allen	28
Natchez	0	Port Barre	12
Natchitoches	5	Port Vincent	8
New Iberia	262	Powhatan	0
New Llano	0	Provencal	0
N.O. City Park	1	Quitman	0
New Orleans Traffic	3,542	Rayne	0
New Roads	41	Rayville	3
Newellton	0	Reeves	0
Noble	0	Richmond	4
North Hodge	0	Richwood	16
Ridgecrest	0	Sterlington	2
Ringgold	1	Stonewall	0
Robeline	0	Sulphur	13
Rodessa	0	Sunset	2
Roseland	0	Sun	0
Rosepine	0	Tallulah	8
Ruston	32	Tangipahoa	0
Saline	0	Thibodaux	68
Sarepta	0	Tickfaw	43
Scott	187	Tullos	0
Shreveport	395	Turkey Creek	0
Shongaloo	0	Urania	0
Sibley	0	Varnado	0
Sicily Island	0	Vidalia	63

Sikes	0	Vienna	0
Simmesport	6	Ville Platte	1
Simpson	0	Vinton	0
Simsboro	0	Vivian	3
Slaughter	1	Walker	9
Slidell	306	Washington	0
Sorrento	17	Waterproof	0
South Mansfield	0	Welsh	5
Spearsville	0	West Lake	13
Springfield	8	West Monroe	62
Springhill	0	Westwego	323
St. Amant	0	White Castle	0
St. Bernard	0	Winnfield	17
St. Francisville	0	Wilson	2
St. Gabriel	10	Winnsboro	56
St. Joseph	0	Wisner	1
St. Martin	3	Woodworth	1
St. Martinville	27	Youngsville	11
Stanley	0	Zachary	27
Zwolle	0	McNeese	1
Baptist Christian	0	Metro Airport	2
Centenary College	0	N.O. Bapt Sem.	0
Delgado Comm.	0	Nicholls	0
Dillard University	0	UL of Monroe	14
DPS Capitol	30	Northwestern	0
EP Nunez Comm.	0	Our Lady Holy Cross	0
Grambling State U	5	St. Joseph Sem	0
Louisiana College	0	Southeastern	14
LSU-A	0	Southern U. B.R.	3

LSU-BR	102	Southern U. N.O.	0
LSU-Eunice	0	Southern U. Shrev.	0
LSU-Shreveport	0	Tulane University	0
LSU Med. N.O.	0	Tulane Medical	0
LSU Med. Shrev	2	Univ. of N.O.	0
La Tech Univ	2	USL (ULL)	36
Loyola University	0	Xavier University	0
		Total	18,097

Source: Louisiana Department of Public Safety

**Source for Baton Rouge City Impoundment Figures: Baton Rouge City Police*

Summary of C.A.I.R.E.'s Recommendations To The Louisiana Legislature 1998-2001

Drunk Driving

- Close Drive-up liquor windows in Louisiana, sending the message that drinking and driving is not o.k. in Louisiana.
- Include information about Blood Alcohol Concentration levels in the driving test and driver handbook.
- Close the loophole, which permits those under the age of 21 into bars.
- Mandate that every DWI arrest be entered in the AFIS system.
- Have Louisiana strengthen the legal definition of drunk driving by changing the standard from 0.10 BAC to 0.08 BAC.
- Modify the DWI law to lower the limit of intoxication for repeat DWI offenders. The current limit is the same as first-time offenders.
- The Louisiana Legislature should strongly consider revisiting the issue of open container, including making existing open container laws in the state uniform or implementing a statewide open container law.
- Modify the DWI law to incorporate drugged driving.
- Encourage strict enforcement of the minimum drinking age law and continued education of the deadly consequences associated with drinking and driving to youths and their parents.

Seat Belt Usage

- Change Louisiana's seat belt law to make it a primary law, so that law enforcement officers may stop violators for not wearing a seat belt.
- Require all passengers to wear their seat belts at all times.

Impoundment

- All law enforcement agencies enforce the automobile impoundment law.

Red Light Running

- Authorize the utilization of red light cameras for traffic enforcement and authorize the issuance of a summons to the registered owner of the vehicle.
- Support the use of red light cameras by requesting a grant from the FHWA to acquire red light cameras so that their effectiveness can be tested in Louisiana.
- *Stop Red Light Running* campaign be conducted in order to increase public awareness of the problems associated with red light running.

Driver Distractions

- Support the creation of a task force to study the issue of safety and driver distractions.
- Encourage that records be kept on the use of cellular telephones during a crash as part of the crash investigation process.
- Encourage law enforcement officers to note cellular telephone use for moving violations (i.e. speeding). Such information could be used to note driver-vehicle behavior.

Speeding

- Lower the speed limit to 60 mph on all elevated portions of interstates in Louisiana.
- Double the fine for speeding on all elevated portions of the interstates in Louisiana, and use that money for safety initiatives.

Older Population

- Conduct a vision and hearing examination/re-examination for every applicant applying for an original drivers' license or a renewal, every 3-4 years after the applicant's 65th birthday.
- Establish more education/awareness programs, such as AARP's 55 Alive program, to improve driving skills and abilities, and have insurance companies provide discounts to AARP 55 Alive graduates.
- Have Louisiana provide larger road signs at predominately heavy crash intersections.

Large Trucks

- Lower the speed limit for large trucks to 5 mph below the posted speed limit on any multi-lane highway.

Bicycles Helmets

- Have Louisiana law mandate that children 12 years and younger wear helmets while riding a bicycle.

Automobile Insurance Fraud

- Conduct a legislative review of LSA R.S. 22:1244 (3), which states that any individual who engages in or attempts to defraud relative to insurance policies in general; is guilty of a felony and shall be subjected to a term of imprisonment, with or without hard labor, not to exceed five years or a fine not to exceed five thousand dollars, or both. There was a discrepancy by the Council on the adequacy of the penalties, some feeling that the penalties were adequate, while others feeling that they were not severe enough.
- Conduct a legislative review of specific acts relating to insurance fraud such as: an insurance agent providing fraudulent information to the Office of Motor Vehicles that a person has insurance or had insurance prior to an accident when no policy exists; a person who provides law enforcement with a fraudulent insurance card after an accident; and possession or manufacture of fraudulent proof of automobile insurance.

Automobile Theft

- Create an Automobile Theft Prevention Authority to focus on educating the public about preventive measures.
- Establish more aggressive prosecution efforts.

Driver Point System

- Implement a driver point system to monitor frequent violators of traffic laws.

The Homeowners' Insurance Market In Louisiana



Living In Louisiana The Homeowners' Insurance Market



In a study conducted by the Louisiana Property Insurance Task Force, it was found that Louisiana homeowners pay the second highest average homeowner insurance premiums in the country. The highest rated areas in Louisiana were Shreveport and New Orleans, due to the fact that both of these areas are prone to catastrophes. Shreveport is prone to wind and hail damage, while New Orleans is more prone to hurricanes.

Why are homeowners in Louisiana paying such high premiums?

- **Lack of competition.** Since Hurricane Andrew in 1992, the number of insurers serving the Louisiana market has declined significantly. In 1990, there were approximately 150 homeowners' insurance companies doing business in Louisiana. By 1997, the number dropped to 88 companies. Today, the number is about the same. The fact that there are fewer insurers in Louisiana makes a dramatic difference on the amount of money that homeowners spend on insurance. The fact that there is less competition in the state causes citizens in Louisiana to pay more for insurance.

The lack of competition in Louisiana is of great concern to the Louisiana Property and Casualty Insurance Commission, and will be an issue of focus in the years to come. Currently, the Commission is in the process of surveying those homeowners insurance companies that have left Louisiana, in hopes to find a way to pass legislation that will bring these companies back to Louisiana.

- **Location.** Insurance companies are hesitant about writing property insurance in South Louisiana because of its exposure to hurricanes. New Orleans has the most exposure to hurricanes and flooding because it is located below sea level and located near both the Gulf of Mexico and Lake Pontchartrain. Although North Louisiana does not have significant hurricane exposure, it has suffered from a large number of hailstorms.

The fact that Louisiana has had its share of catastrophes has had a negative impact on the property insurance market in the state. Non-admitted and surplus lines insurance companies have provided some property insurance, but the coverages are limited and the price is high.

Current Issue

Mold

In December of 2001, the Louisiana Department of Insurance issued Advisory Letter Number 01-02, which granted for exclusions for mold as a covered loss, and for exclusion of remediation costs including testing, monitoring, containment and treatment. Acting Commissioner Wooley approved the advisory letter after the high profile cases in Texas concerning mold. Wooley added in the letter that insurers should make note that standard homeowners' policies in Louisiana do not provide coverage for water seepage or for damage caused by wear and tear, or the failure to do proper maintenance. By approving advisory exclusions such as this one, it is hoped that insurance companies can continue providing coverage to Louisiana policyholders.

In Summary:

We cannot change Louisiana's location, but we can change the way we do business in the state. By passing legislation to make Louisiana more "industry friendly," we can bring more homeowners insurance companies back to Louisiana, thus allowing for more competition and hopefully, lower rates for the consumers.



OFFICE OF THE COMMISSIONER OF INSURANCE
STATE OF LOUISIANA

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BATON ROUGE, LOUISIANA 70804-9214
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ADVISORY LETTER NUMBER 01-02
December 28, 2001

**TO: ALL PROPERTY AND CASUALTY INSURERS ADMITTED OR
APPROVED TO ISSUE POLICIES INSURING RISKS IN LOUISIANA**

RE: Use of Mold Exclusions in Insurance Policy Forms

STATUTE AND REGULATION REFERENCES:

Title 22 of the Louisiana Revised Statutes §§ 2, 620-621, 1211 et seq., and 1262.1

Please be advised that after due consideration, the LDI has determined that it will allow the use of insurance policies and/or endorsements that exclude coverage for mold if the exclusion is directed at precluding coverage for (1) remedial costs, such as the costs of testing the insured premises for mold, or the cost of containment or fumigation of the insured premises, whether the mold is the result of a covered cause of loss or otherwise; or (2) mold that is not the result of a covered cause of loss.

Insurers doing business in Louisiana should take note that standard homeowner's policies do not provide coverage for "seepage" or for damage arising from wear and tear or the failure to do proper maintenance. More importantly, unlike most states there is very limited punitive damages exposure in Louisiana.

Insurers should make every effort to develop exclusions that are narrowly drafted. Further, such exclusions should not be used to deny coverage for the costs of repair and restoration of the insured premises for damages arising from a covered cause of loss, even if some mold is present.

Any questions regarding this Advisory Letter may be directed to Kathlee Hennigan, Director of the Property and Casualty Division, at khennigan@ldi.state.la.us or by telephone at 225-342-0073 or to C. Noël Wertz, Chief Attorney, Property and Casualty Section at nwertz@ldi.state.la.us, or by telephone at 225-342-4632.


J. ROBERT WOOLEY
ACTING COMMISSIOER OF INSURANCE

Number of Homeowners Insurance Companies Writing In Louisiana 1990-2000

Calendar Year	Number of Companies	Written Premiums
1990	148	\$350,076,569
1991	132	\$364,312,780
1992	115	\$406,888,265
1993	107	\$438,370,214
1994	100	\$471,682,277
1995	98	\$505,288,002
1996	92	\$522,254,978
1997	88	\$544,587,985
1998	91	\$577,509,132
1999	85	\$583,522,661
2000	85	\$632,790,305

2001 Top Twenty Homeowners Multiple Peril Companies

Corporate Name	Premiums Written	Premiums Percentage	Total Premium Percentage
State Farm Fire and Casualty Company	\$226,228,549.00	40.70%	34.86%
Allstate Insurance Company	\$105,505,334.00	18.98%	16.26%
Louisiana Farm Bureau Mutual Insurance Company	\$35,110,960.00	6.32%	5.41%
The Standard Fire Insurance Company	\$29,107,499.00	5.24%	4.49%
United Services Automobile Association	\$14,345,662.00	2.58%	2.21%
Liberty Mutual Fire Insurance Company	\$14,322,121.00	2.58%	2.21%

State Farm General Insurance Company	\$13,738,099.00	2.47%	2.12%
Shelter Mutual Insurance Company	\$13,180,774.00	2.37%	2.03%
Farmers Insurance Exchange	\$11,400,396.00	2.05%	1.76%
American National Property and Casualty Company	\$11,106,422.00	2.00%	1.71%
The Continental Insurance Company	\$10,326,731.00	1.86%	1.59%
Allstate Indemnity Company	\$10,275,859.00	1.85%	1.58%
Prudential Property and Casualty Insurance Company	\$10,115,381.00	1.82%	1.56%
The American Insurance Company	\$7,951,173.00	1.43%	1.23%
American Central Insurance Company	\$7,538,592.00	1.36%	1.16%

Metropolitan Property and Casualty Insurance Company	\$7,364,567.00	1.32%	1.13%
Lafayette Insurance Company	\$7,359,363.00	1.32%	1.13%
Massachusetts Bay Insurance Company	\$6,981,602.00	1.26%	1.08%
Louisiana Farm Bureau Casualty Insurance Company	\$6,954,442.00	1.25%	1.07%
New Hampshire Insurance Company	\$6,940,006.00	1.25%	1.07%
Total Premiums For Top Twenty	\$555,853,532.00	100%	85.65%

The Workers' Compensation Market In Louisiana



Working In Louisiana

The Workers' Compensation Market



Louisiana's workers' compensation market is more stable than other property and casualty insurance markets in the state. Currently, Louisiana's loss costs are higher compared to other states in the South, except Alabama, which is slightly higher than Louisiana. According to the National Council on Compensation Insurance, Inc. (NCCI), Louisiana had an overall rate increase of 1.3% in 2001, which is very low. The workers' compensation system in Louisiana has not always been stable or successful.

Through the 1980's and into the 1990's, Louisiana companies experienced a 477% rate increase for workers' compensation insurance. According to Louisiana Workers' Compensation Corporation (LWCC), more than 70% of the companies who offered compensation insurance during this time needlessly fell into the assigned risk pool.

In 1991, the Louisiana Legislature passed a constitutional amendment that led to the creation of LWCC. LWCC is a private, nonprofit, mutual insurance company, which was created to save Louisiana's unsuccessful and failing workers' compensation system. This legislation gave LWCC Louisiana's full faith and credit guarantee. By 1993, LWCC had an estimated annual premium of \$246 million, with their policy count reaching 30,000. In May of 2000, the United States Department of Labor approved LWCC to write federal coverage without the state of Louisiana's full faith and credit guarantee. Due to the creation of LWCC, the workers' compensation system in Louisiana was saved from total collapse and has been given stability.

Why are Louisiana's loss costs higher?

- **Claim costs.** Since 1994, the frequency of compensation claims has been declining steadily, but the claims costs are rising. The reason for the increase in claims costs is the rise of medical costs and indemnity costs. Medical treatment is more costly today than it was in the early 1990's, and people are making more money and have larger salaries than they did in the 1990's.

In Summary:

When it comes to the workers' compensation market in Louisiana, there is good news and bad news. The bad news is that our loss costs are higher than most states in the South and that we saw a rate increase of 1.3% in 2001. The good news is that claim frequency is declining and that most of our loss costs are due to increased employee salaries.

***2001 Top Twenty
Worker's Compensation Companies***

Corporate Name	Premiums Written	Premiums Percentage	Total Premium Percentage
Louisiana Workers Compensation Corporation	\$186,965,328.00	46.79%	33.87%
Bridgefield Casualty Insurance Company	\$26,904,567.00	6.73%	4.87%
American Interstate Insurance Company	\$22,102,900.00	5.53%	4.00%
Zurich American Insurance Company	\$16,957,456.00	4.24%	3.07%
Liberty Mutual Fire Insurance Company	\$16,878,889.00	4.22%	3.06%
American Home Assurance Company	\$13,600,068.00	3.40%	2.46%

Pacific Employers Insurance Company	\$12,176,227.00	3.05%	2.21%
Lemic Insurance Company	\$11,507,974.00	2.88%	2.08%
Valley Forge Insurance Company	\$11,436,538.00	2.86%	2.07%
Ace Fire Underwriters Insurance Company	\$11,001,975.00	2.75%	1.99%
Louisiana Retailers Mutual Insurance Company	\$9,371,031.00	2.35%	1.70%
Transcontinental Insurance Company	\$8,531,014.00	2.14%	1.55%
American Zurich Insurance Company	\$8,448,198.00	2.11%	1.53%
Transportation Insurance Company	\$7,962,880.00	1.99%	1.44%

The Travelers Indemnity Company of Illinois	\$6,700,431.00	1.68%	1.21%
Eagle Pacific Insurance Company	\$6,437,756.00	1.61%	1.17%
Amicus Mutual Insurance Company	\$6,049,467.00	1.51%	1.10%
Lumbermen's Mutual Casualty Company	\$5,780,193.00	1.45%	1.05%
State Farm Fire and Casualty Company	\$5,517,093.00	1.38%	1.00%
Safety National Casualty Corporation	\$5,233,335.00	1.31%	.95%
Total Premiums for Top 20	\$399,563,320.00	100.00%	72.38%

Louisiana May 1, 2002 Filing Average Changes by Industry Group

OVERALL CHANGE +1.3%

<u>MANUFAC- TURING</u>	<u>CONTRACT- ING</u>	<u>OFFICE & CLERICAL</u>	<u>GOODS & SERVICES</u>	<u>MISC.</u>
+2.3%	-4.1%	+4.9%	+6.3%	-0.1%
Maximum Increase +27	Maximum Increase +21%	Maximum Increase +30%	Maximum Increase +31%	Maximum Increase +25%
Maximum Decrease -23%	Maximum Decrease -29%	Maximum Decrease -20%	Maximum Decrease -19%	Maximum Decrease -25%

Source: 2001 National Council on Compensation Insurance, Inc.

Louisiana Average Loss Costs Are High When Compared With Those in Other States in the Region-

Current Average Voluntary Pure Loss Costs Using
State-Specific Payroll Distribution

<i>State</i>	<i>All Classes</i>	<i>Manuf.</i>	<i>Contracting</i>	<i>Office/Clerical</i>	<i>Goods/Services</i>	<i>Misc.</i>
<i>Alabama</i>	2.50	3.61	9.22	0.48	2.66	6.00
<i>Arkansas</i>	1.38	1.81	4.08	0.24	1.57	3.80
<i>Louisiana</i>	2.22	3.02	6.44	0.42	2.62	5.53
<i>Mississippi</i>	1.80	2.62	5.77	0.35	2.09	4.09
<i>Oklahoma</i>	1.95	3.59	6.51	0.43	2.69	3.72
<i>Region</i>	1.96	2.95	6.58	0.39	2.33	4.46
<i>Countrywide</i>	1.55	2.48	5.89	0.29	2.15	4.19

Source: 2001 NCCI

Texas information is not available.

After Adjusting to Louisiana's Payroll Distribution, Louisiana's Average Loss Costs Are Still Higher Than The Regional Average

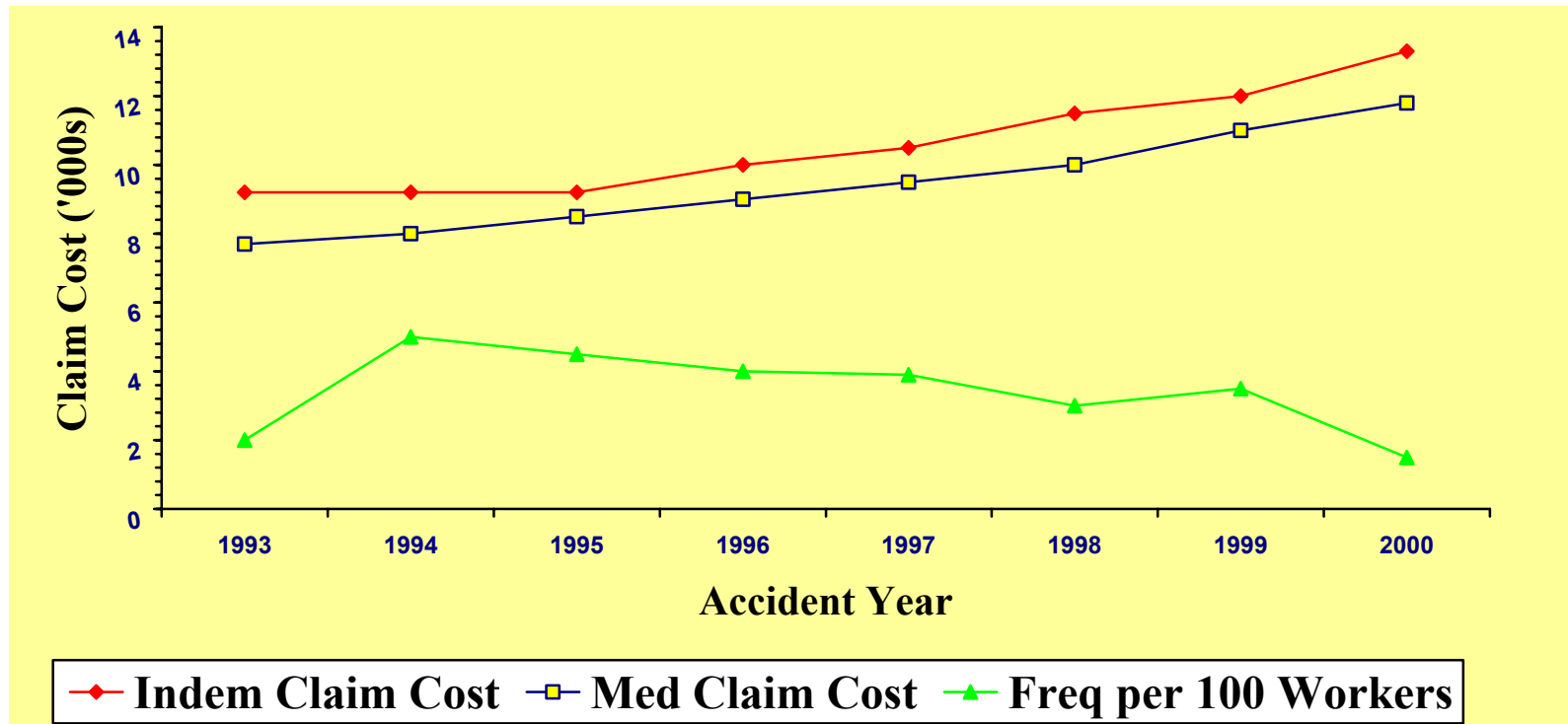
Current Average Voluntary Pure Loss Costs Using
Louisiana's Payroll Distribution

State	All Classes	Manuf.	Contracting	Office/ Clerical	Goods/ Services	Misc.
Alabama	2.62	3.56	8.81	0.54	2.58	5.89
Arkansas	1.27	1.66	3.66	0.25	1.51	3.38
Louisiana	2.22	3.02	6.44	0.42	2.62	5.53
Mississippi	1.75	2.59	5.16	0.36	1.94	4.09
Oklahoma	2.07	3.33	5.43	0.47	2.60	4.40
Region	2.00	2.84	5.91	0.43	2.23	4.57
Countrywide	1.86	2.65	5.60	0.31	2.11	4.70

*Based on the latest NCCI published rates and loss costs in the various states.
Texas data is not available.*

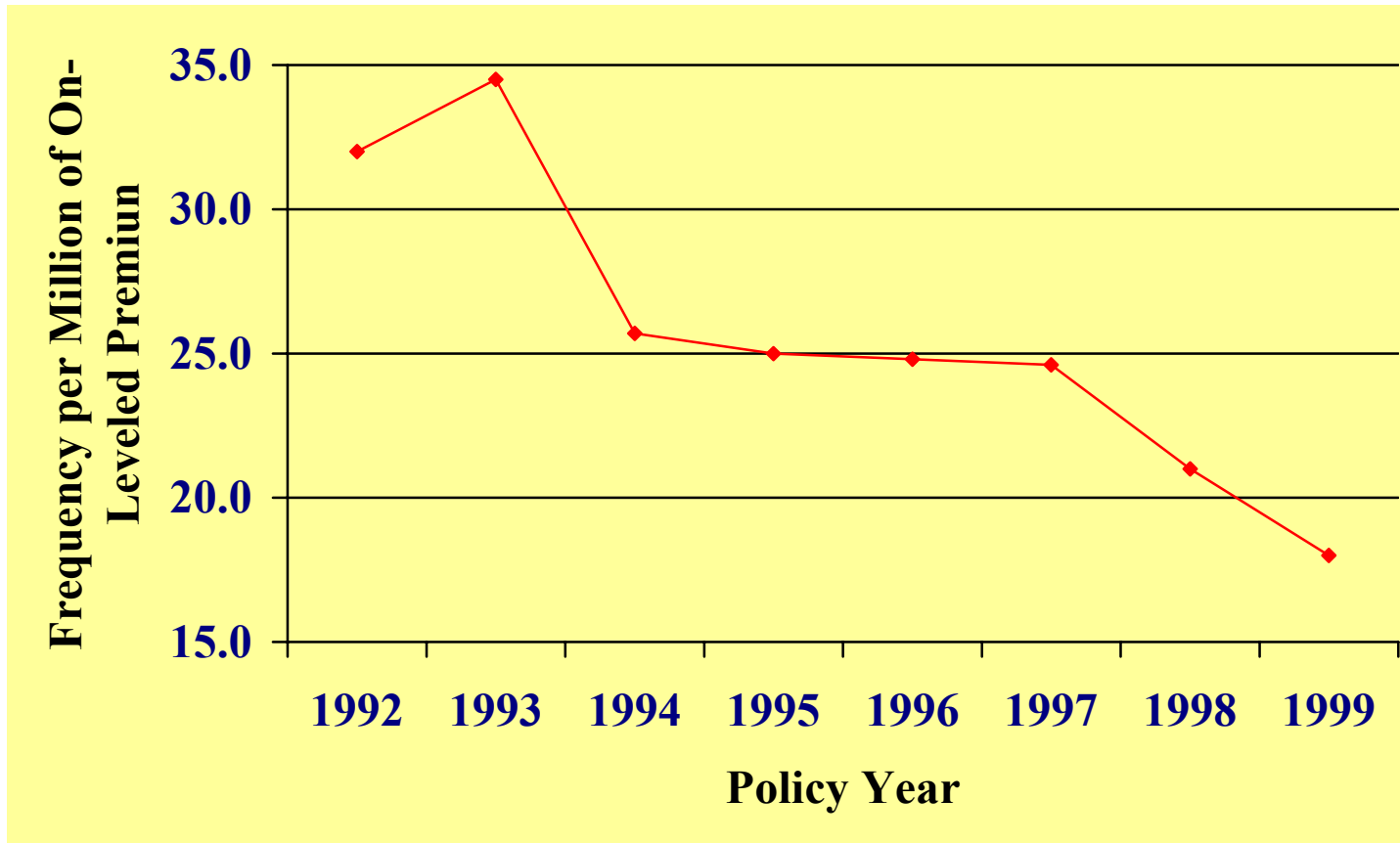
Source: 2001 National Council on Compensation Insurance, Inc.

While Claim Costs Are Rising Steadily, Frequency Continues Its Slight Decline



Source: National Council on Compensation Insurance, Inc.
Based on data through 12-31-00.
Average indemnity and medical cost per lost time claim.

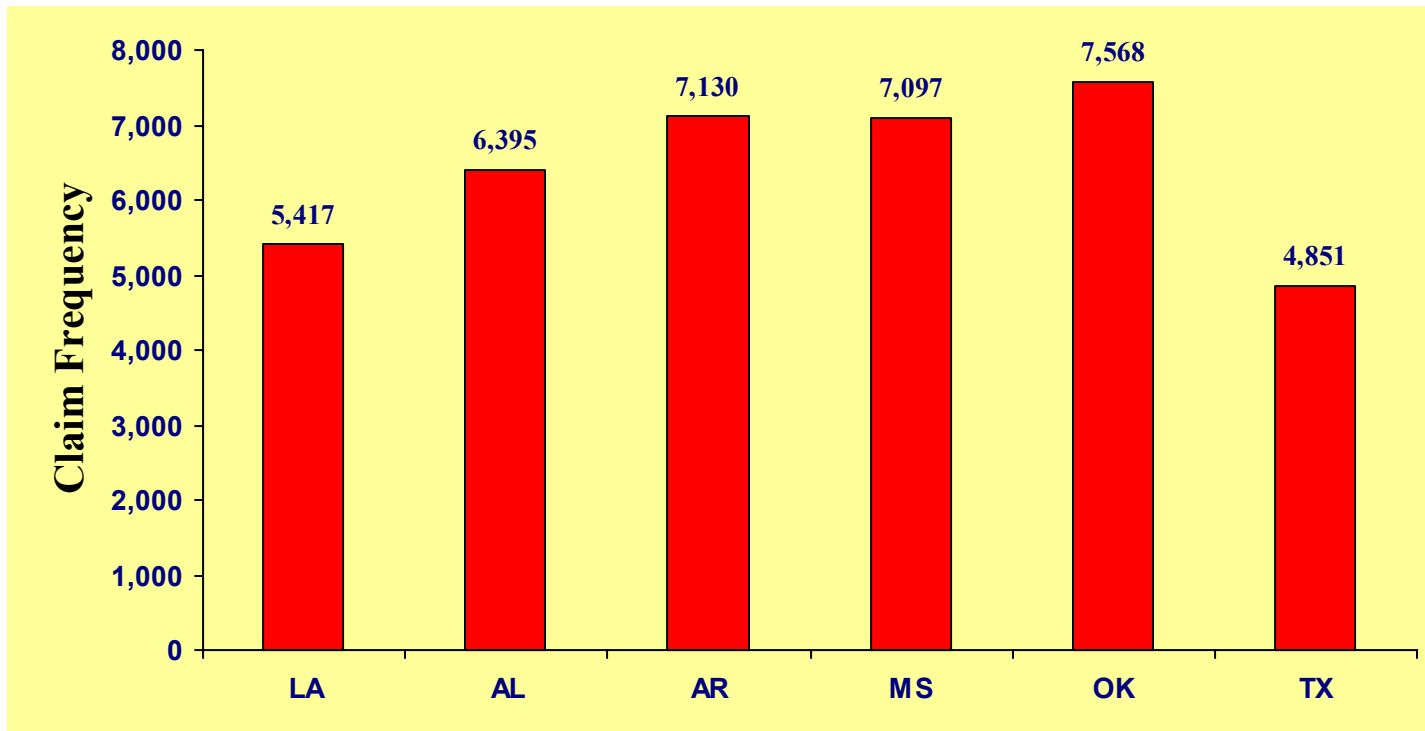
**Louisiana Claim Frequency Has Steadily
Declined Since 1993**



Source: National Council on Compensation Insurance, Inc.

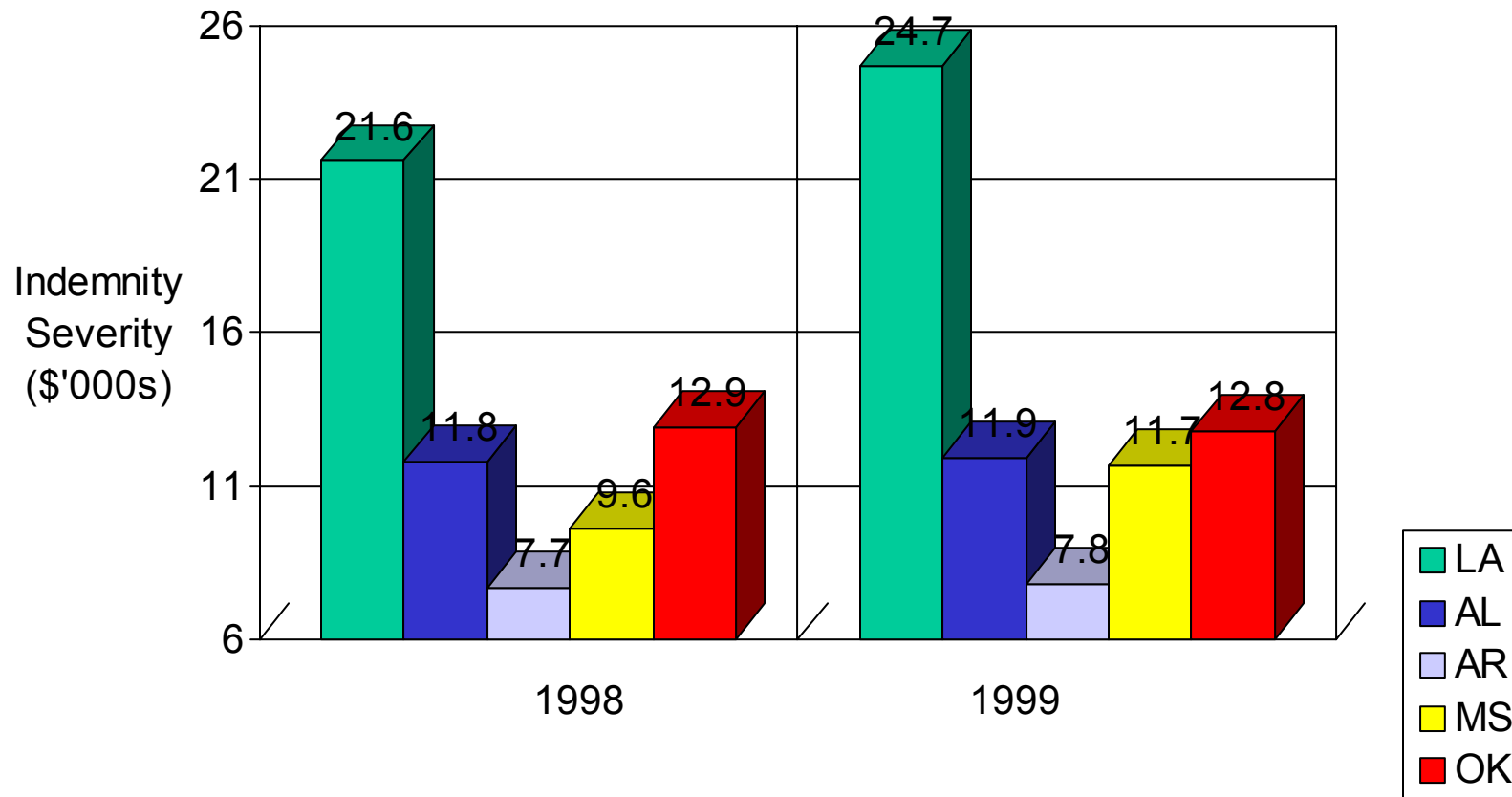
**Louisiana's Average Claim Frequency
Is Low When Compared to
Other States in the Region**

Frequency per 100,000 workers



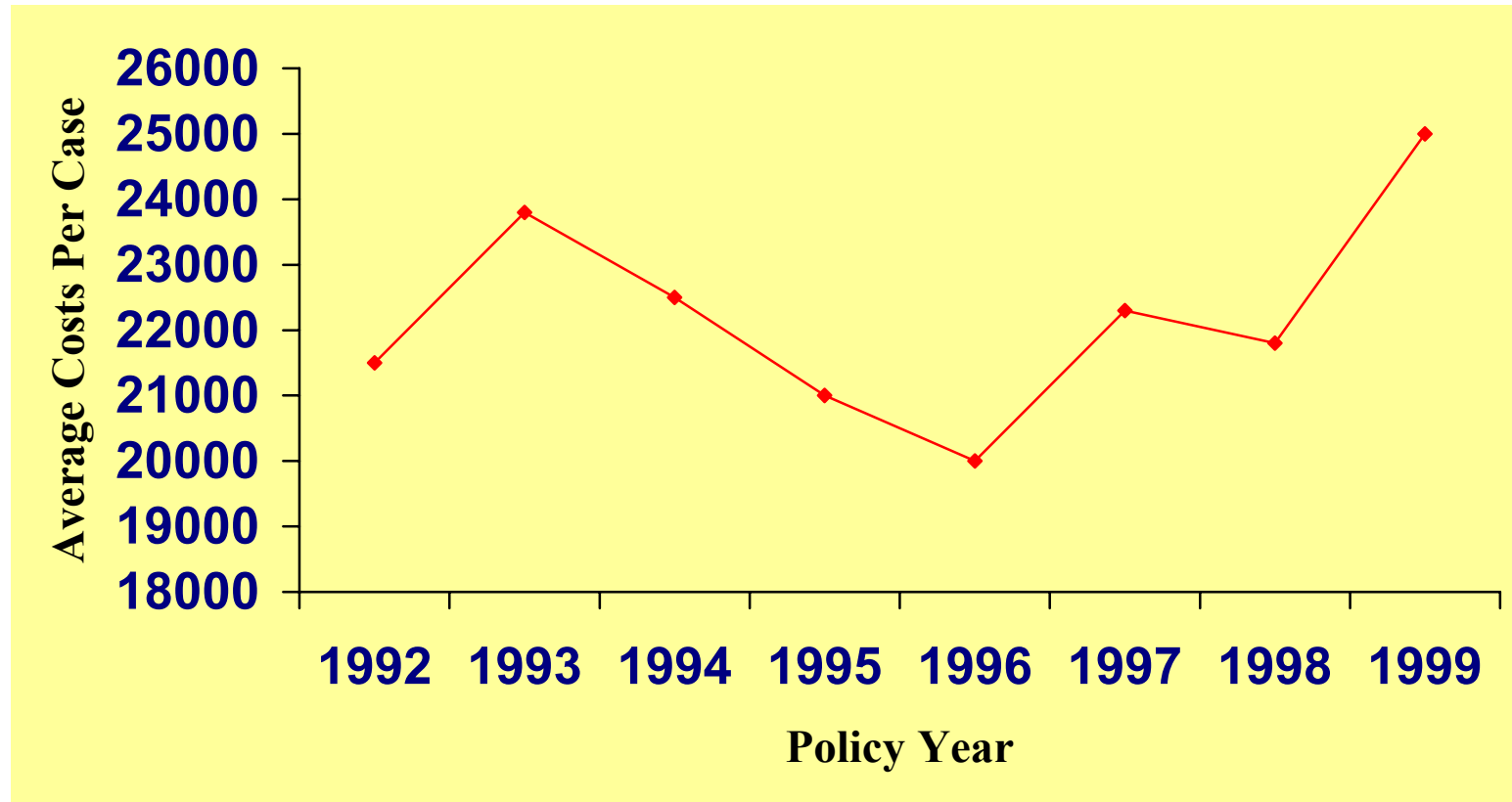
Source: National Council on Compensation Insurance, Inc.

Louisiana's Indemnity Average Claim Severity Is Higher Than Those Found in Neighboring States



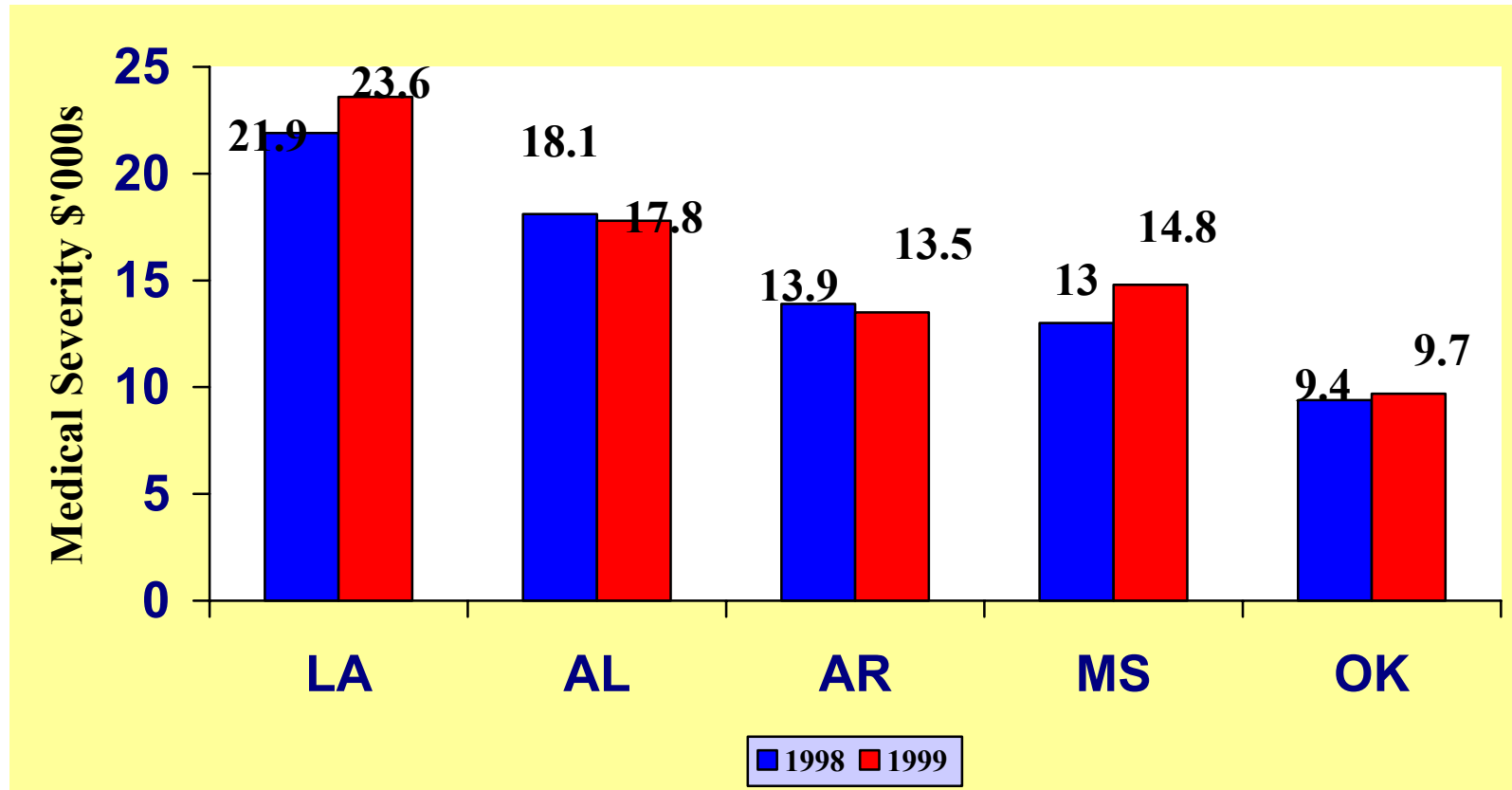
Source: National Council on Compensation Insurance, Inc.
Texas information not available

Louisiana's Indemnity Claims Costs Are Beginning To Rise



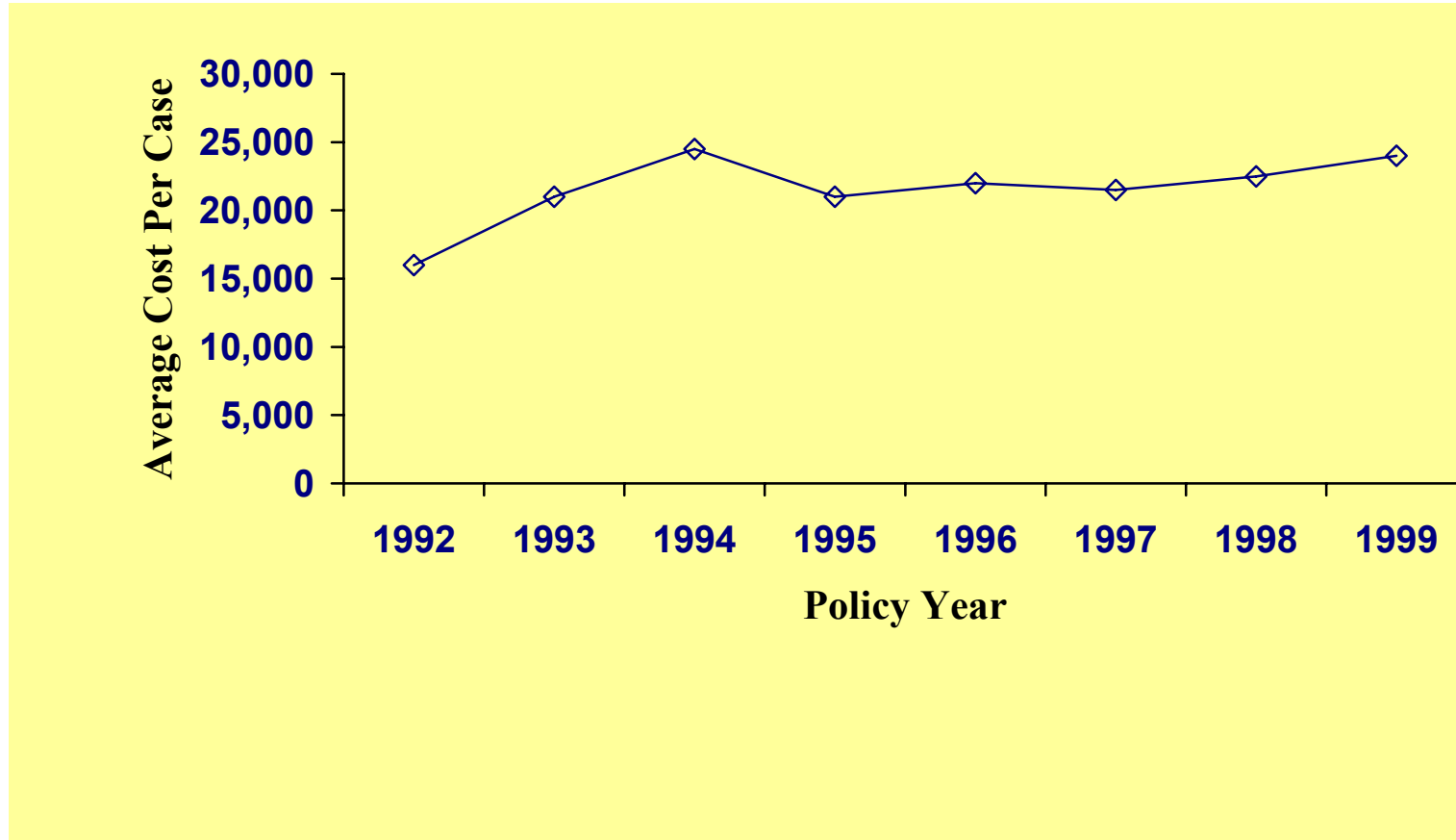
Source: National Council on Compensation Insurance, Inc.

**Louisiana's Medical Average Claim Severity Is Higher
Than Those Found In Neighboring States**



*Source: National Council on Compensation Insurance, Inc.
Texas information is not available.*

Louisiana's Medical Claims Costs Are Also On The Rise



Source: National Council on Compensation Insurance, Inc.